



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2006
OF THE CONDITION AND AFFAIRS OF THE

OmniCare Health Plan, Inc.

NAIC Group Code	1137	1137	NAIC Company Code	12193	Employer's ID Number	20-1052897
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]					
Incorporated/Organized	04/22/2004			Commenced Business	10/01/2004	
Statutory Home Office	1333 Gratiot, Ste 400			Detroit, MI 48207		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	1333 Gratiot, Ste 400					
	Detroit, MI 48207			313-465-1519		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	1333 Gratiot, Ste 400			Detroit, MI 48207		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	1333 Gratiot, Ste 400					
	Detroit, MI 48207			313-465-1519		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address	www.omnicarehealthplan.com					
Statutory Statement Contact	Kenyata J. Rogers			313-465-1519		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	KJRogers@cvty.com			313-465-1604		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact	1333 Gratiot, Ste 400					
	Detroit, MI 48207			313-465-1519		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Beverly Ann Allen	Chief Executive Officer	Kenyata Jamilea Rogers	Chief Financial Officer
John Joseph Ruhlmann	Senior Vice President, Corporate Controller	Francis Samuel Soistman Jr.	Executive Vice President

OTHER OFFICERS

John Joseph Stelben	Secretary	Claudia Bjerre	Treasurer
Jonathan David Weinberg	Assistant Secretary	Shirley Ann Roquemore	Secretary
Kenneth G. Robinson III	Assistant Treasurer		

DIRECTORS OR TRUSTEES

Francis Samuel Soistman Jr.	Bobby Lee Jones	Beverly Ann Allen	Claudia Bjerre
Doretha J. Wiley	Ernestine Romero-Siggers		

State ofMichigan.....

County ofWayne.....

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Beverly Ann Allen Chief Executive Officer	Kenyata Jamilea Rogers Chief Financial Officer	John Joseph Ruhlmann Senior Vice President, Corporate Controller
Subscribed and sworn to before me this		a. Is this an original filing? Yes [X] No []
_____ day of _____,		b. If no,
_____		1. State the amendment number _____
Rochelle Jenkins		2. Date filed _____
		3. Number of pages attached _____

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE OmniCare Health Plan, Inc.

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	8,450,369		8,450,369	7,546,495
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ (1,627,803) , Schedule E, Part 1), cash equivalents (\$18,419,666 , Schedule E, Part 2) and short-term investments (\$21,596,268 , Schedule DA).....	38,388,131		38,388,131	35,281,443
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	46,838,500	0	46,838,500	42,827,938
11. Title plants less \$charged off (for Title Insurers only)			0	0
12. Investment income due and accrued	164,666		164,666	209,315
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			0	0
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	9,041		9,041	500,000
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	116,653		116,653	177,897
16.2 Net deferred tax asset.....	295,647	32,501	263,146	970,992
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)	104,346	104,346	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	52,870		52,870	0
22. Health care (\$916,433) and other amounts receivable.....	960,781	44,348	916,433	1,423,944
23. Aggregate write-ins for other than invested assets	49,079	49,079	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	48,591,583	230,274	48,361,309	46,110,086
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	48,591,583	230,274	48,361,309	46,110,086
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Expenses.....	45,312	45,312	0	0
2302. Leasehold Improvements.....	3,767	3,767	0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	49,079	49,079	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	15,387,615		15,387,615	21,796,463
2. Accrued medical incentive pool and bonus amounts	285,807		285,807	206,381
3. Unpaid claims adjustment expenses	278,355		278,355	473,119
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	863		863	0
9. General expenses due or accrued	727,721		727,721	1,443,307
10.1 Current federal and foreign income tax payable and interest thereon (including \$ (2,110) on realized capital gains (losses))	(2,110)		(2,110)	(99)
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	24,886		24,886	1,741
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	151,622
16. Payable for securities	1,106		1,106	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	16,704,243	0	16,704,243	24,072,534
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	10	10
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	16,600,990	16,600,990
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	15,056,066	5,436,552
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25 \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	31,657,066	22,037,552
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	48,361,309	46,110,086
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	706,020	748,056
2. Net premium income (including \$0 non-health premium income).....	XXX	146,961,619	155,685,077
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(9,000,607)	(9,360,119)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	137,961,012	146,324,958
Hospital and Medical:			
9. Hospital/medical benefits		72,340,506	83,645,331
10. Other professional services		5,866,398	5,752,453
11. Outside referrals			0
12. Emergency room and out-of-area		10,945,228	13,395,850
13. Prescription drugs		18,117,385	18,832,159
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		444,752	341,692
16. Subtotal (Lines 9 to 15)	0	107,714,269	121,967,485
Less:			
17. Net reinsurance recoveries		148,193	478,873
18. Total hospital and medical (Lines 16 minus 17)	0	107,566,076	121,488,612
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$0 cost containment expenses.....		2,287,890	2,630,488
21. General administrative expenses.....		10,747,676	11,785,211
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	120,601,642	135,904,311
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	17,359,370	10,420,647
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		2,313,699	1,185,525
26. Net realized capital gains (losses) less capital gains tax of \$(6,028).....		(6,028)	(283)
27. Net investment gains (losses) (Lines 25 plus 26)	0	2,307,671	1,185,242
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	19,667,041	11,605,889
31. Federal and foreign income taxes incurred	XXX	6,191,016	3,483,835
32. Net income (loss) (Lines 30 minus 31)	XXX	13,476,025	8,122,054
DETAILS OF WRITE-INS			
0601. Quality Assurance Assessment	XXX	(9,034,744)	(9,390,119)
0602. Other Revenue.....	XXX	34,137	30,000
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	(9,000,607)	(9,360,119)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	22,037,552	14,242,248
34. Net income or (loss) from Line 32	13,476,025	8,122,054
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax	(853,523)	922,632
39. Change in nonadmitted assets	1,997,012	(1,849,382)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	600,000
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders	(5,000,000)	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	9,619,514	7,795,304
49. Capital and surplus end of reporting period (Line 33 plus 48)	31,657,066	22,037,552
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	146,962,482	155,685,077
2. Net investment income	2,363,463	1,046,620
3. Miscellaneous income	(8,528,110)	(9,597,335)
4. Total (Lines 1 through 3)	140,797,835	147,134,362
5. Benefits and loss related payments	111,592,326	112,943,895
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	13,945,917	13,519,198
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	6,131,780	3,395,980
10. Total (Lines 5 through 9)	131,670,023	129,859,073
11. Net cash from operations (Line 4 minus Line 10)	9,127,812	17,275,289
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	2,981,819	13,523
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	733,319	244,814
12.7 Miscellaneous proceeds	1,106	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,716,244	258,337
13. Cost of investments acquired (long-term only):		
13.1 Bonds	3,890,809	5,255,927
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	739,347	245,097
13.7 Total investments acquired (Lines 13.1 to 13.6)	4,630,156	5,501,024
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(913,912)	(5,242,687)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	600,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	5,000,000	0
16.6 Other cash provided (applied).....	(107,212)	116,209
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(5,107,212)	716,209
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	3,106,688	12,748,811
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	35,281,443	22,532,632
19.2 End of year (Line 18 plus Line 19.1).....	38,388,131	35,281,443

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE OmniCare Health Plan, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	146,961,619	.0	.0	.0	.0	.0	.0	146,961,619	.0	.0	.0	.0	.0
2. Change in unearned premium reserves and reserve for rate credit .....	.0												
3. Fee-for-service (net of \$ medical expenses) .....	.0												XXX
4. Risk revenue.....	.0												XXX
5. Aggregate write-ins for other health care related revenues.....	(9,000,607)	.0	.0	.0	.0	.0	.0	(9,000,607)	.0	.0	.0	.0	XXX
6. Aggregate write-ins for other non-health care related revenues .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
7. Total revenues (Lines 1 to 6).....	137,961,012	.0	.0	.0	.0	.0	.0	137,961,012	.0	.0	.0	.0	.0
8. Hospital/medical/ benefits	72,340,506							72,340,506					XXX
9. Other professional services	5,866,398							5,866,398					XXX
10. Outside referrals .....	.0												XXX
11. Emergency room and out-of-area	10,945,228							10,945,228					XXX
12. Prescription Drugs	18,117,385							18,117,385					XXX
13. Aggregate write-ins for other hospital and medical.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	444,752							444,752					XXX
15. Subtotal (Lines 8 to 14)	107,714,269	.0	.0	.0	.0	.0	.0	107,714,269	.0	.0	.0	.0	XXX
16. Net reinsurance recoveries	148,193							148,193					XXX
17. Total hospital and medical (Lines 15 minus 16)	107,566,076	.0	.0	.0	.0	.0	.0	107,566,076	.0	.0	.0	.0	XXX
18. Non-health claims (net) .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
19. Claims adjustment expenses including \$ cost containment expenses.....	2,287,890							2,287,890					
20. General administrative expenses	10,747,676							10,747,676					
21. Increase in reserves for accident and health contracts .....	.0												XXX
22. Increase in reserves for life contracts.....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	120,601,642	.0	.0	.0	.0	.0	.0	120,601,642	.0	.0	.0	.0	.0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	17,359,370	0	0	0	0	0	0	17,359,370	0	0	0	0	0
DETAILS OF WRITE-INS													
0501. Quality Insurance Assessment.....	(9,034,744)							(9,034,744)					XXX
0502. Other Revenue.....	34,137							34,137					XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	(9,000,607)	0	0	0	0	0	0	(9,000,607)	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.0
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	148,042,947		1,081,328	146,961,619
8. Stop Loss .....				.0
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....				.0
12. Health subtotal (Lines 1 through 11)	148,042,947	0	1,081,328	146,961,619
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	148,042,947	0	1,081,328	146,961,619

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 OF THE OmniCare Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	114,337,035							114,337,035					
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	639,153							639,153					
1.4 Net	113,697,882	0	0	0	0	0	0	113,697,882	0	0	0	0	0
2. Paid medical incentive pools and bonuses	365,327							365,327					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	15,387,614	0	0	0	0	0	0	15,387,614	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	15,387,614	0	0	0	0	0	0	15,387,614	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	285,807							285,807					
6. Net healthcare receivables (a)	(658,670)							(658,670)					
7. Amounts recoverable from reinsurers December 31, current year	9,041							9,041					
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	21,796,462	0	0	0	0	0	0	21,796,462	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	21,796,462	0	0	0	0	0	0	21,796,462	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	206,381	0	0	0	0	0	0	206,381	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	500,000	0	0	0	0	0	0	500,000	0	0	0	0	0
12. Incurred Benefits:													
12.1 Direct	107,269,517	0	0	0	0	0	0	107,269,517	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	148,194	0	0	0	0	0	0	148,194	0	0	0	0	0
12.4 Net	107,121,323	0	0	0	0	0	0	107,121,323	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	444,753	0	0	0	0	0	0	444,753	0	0	0	0	0

(a) Excludes \$ 1,834,093 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	1,316,828							1,316,828					
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	1,316,828	0	0	0	0	0	0	1,316,828	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	14,070,786							14,070,786					
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	14,070,786	0	0	0	0	0	0	14,070,786	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0												
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	15,387,614	0	0	0	0	0	0	15,387,614	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	15,387,614	0	0	0	0	0	0	15,387,614	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan Premiums					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid.....	11,329,627	102,368,255	299,711	15,087,903	11,629,338	21,796,462
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	11,329,627	102,368,255	299,711	15,087,903	11,629,338	21,796,462
10. Healthcare receivables (a).....		167,711			0	
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts	100,209	265,118	37,677	248,130	137,886	206,381
13. Totals (Lines 9 - 10 + 11 + 12)	11,429,836	102,465,662	337,388	15,336,033	11,767,224	22,002,843

(a) Excludes \$loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	.0	.0	.0	.0	
2. 2002 .....	.0	.0	.0	.0	
3. 2003	XXX	.0	.0	.0	
4. 2004	XXX	XXX	17,387	29,657	30,041
5. 2005	XXX	XXX	XXX	105,600	116,644
6. 2006	XXX	XXX	XXX	XXX	102,614

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX	35,258	31,118	30,090
5. 2005	XXX	XXX	XXX	126,614	116,936
6. 2006	XXX	XXX	XXX	XXX	118,329

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002 .....	.0	.0		.0	.0	.0			.0	.0
2. 2003 .....	.0	.0		.0	.0	.0			.0	.0
3. 2004	39,429	30,041	1,433	4.8	31,474	79.8	48		31,522	79.9
4. 2005	155,685	116,644	2,827	2.4	119,471	76.7	291	1	119,763	76.9
5. 2006	146,962	102,614	2,285	2.2	104,899	71.4	15,334	277	120,510	82.0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior0	.0	.0	.0	.0
2. 20020	.0	.0	.0	.0
3. 2003	XXX	.0	.0	.0	.0
4. 2004	XXX	XXX	17,387	29,657	30,041
5. 2005	XXX	XXX	XXX	105,600	116,644
6. 2006	XXX	XXX	XXX	XXX	102,614

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	.0	.0	.0	.0	.0
2. 2002 .....	.0	.0	.0	.0	.0
3. 2003	XXX	.0	.0	.0	.0
4. 2004	XXX	XXX	35,258	31,118	30,090
5. 2005	XXX	XXX	XXX	126,614	116,936
6. 2006	XXX	XXX	XXX	XXX	118,329

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 2003.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 2004.....	39,429	30,041	1,433	4.8	31,474	79.8	48	.0	31,522	79.9
4. 2005.....	155,685	116,644	2,827	2.4	119,471	76.7	291	.1	119,763	76.9
5. 2006.....	146,962	102,614	2,285	2.2	104,899	71.4	15,334	277	120,510	82.0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE OmniCare Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves .....	.0											
2. Additional policy reserves (a) .....	.0											
3. Reserve for future contingent benefits .....	.0											
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0											
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0											
8. Totals (Net) (Page 3, Line 4)	0	0			0	0	0	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims .....	.0											
10. Reserve for future contingent benefits .....	.0											
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0											
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....		52,881	396,154		449,035
2. Salaries, wages and other benefits.....		964,706	5,972,276		6,936,982
3. Commissions (less \$ceded plus \$assumed.....			8,167		8,167
4. Legal fees and expenses.....		48,186	88,035		136,221
5. Certifications and accreditation fees.....		4,448	8,133		12,581
6. Auditing, actuarial and other consulting services.....		283,185	556,384		839,569
7. Traveling expenses.....		49,669	164,703		214,372
8. Marketing and advertising.....		3,212	251,916		255,128
9. Postage, express and telephone.....		119,847	370,499		490,346
10. Printing and office supplies.....		27,923	383,920		411,843
11. Occupancy, depreciation and amortization.....		224,867	452,489		677,356
12. Equipment.....		6,672	46,374		53,046
13. Cost or depreciation of EDP equipment and software.....					0
14. Outsourced services including EDP, claims, and other services.....		4,942	353,773		358,715
15. Boards, bureaus and association fees.....			237		237
16. Insurance, except on real estate.....		16,556	30,274		46,830
17. Collection and bank service charges.....				11,023	11,023
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....		2,224	4,067		6,291
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			590,537		590,537
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....		60,294	371,814		432,108
23.5 Other (excluding federal income and real estate taxes).....		395,371	321,023		716,394
24. Investment expenses not included elsewhere.....		13,097	23,948	47,365	84,410
25. Aggregate write-ins for expenses.....	0	9,810	352,953	0	362,763
26. Total expenses incurred (Lines 1 to 25).....	0	2,287,890	10,747,676	58,388	(a).....13,093,954
27. Less expenses unpaid December 31, current year.....		278,356	727,721		1,006,077
28. Add expenses unpaid December 31, prior year.....	0	473,119	1,443,307	0	1,916,426
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	2,482,653	11,463,262	58,388	14,004,303
DETAIL OF WRITE-INS					
2501. Other Administrative Expenses.....		9,810	352,953		362,763
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598)(Line 25 above)	0	9,810	352,953	0	362,763

(a) Includes management fees of \$6,954,297 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....171,707	.....161,301
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....115,366	.....135,216
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) .....2,129,662	.....2,075,569
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	2,416,735	2,372,086
11.	Investment expenses		(g) .....58,387
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....58,387
17.	Net Investment Income - (Line 10 minus Line 16)		2,313,699
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$13,401 accrual of discount less \$18,516 amortization of premium and less \$15,103 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$1,200,330 accrual of discount less \$40,329 amortization of premium and less \$31,764 paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$58,388 investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Unrealized Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....				.....0
1.1	Bonds exempt from U.S. tax .....				.....0
1.2	Other bonds (unaffiliated) .....				.....0
1.3	Bonds of affiliates .....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....				.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....				.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0
3.	Mortgage loans .....				.....0
4.	Real estate .....				.....0
5.	Contract loans .....				.....0
6.	Cash, cash equivalents and short-term investments	(6,028)			(6,028)
7.	Derivative instruments .....				.....0
8.	Other invested assets .....				.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	(6,028)	0	0	(6,028)
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule-E, Part 1), cash equivalents (Schedule-E, Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	32,501	178,179	145,678
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	104,346	129,254	24,908
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	44,348	1,821,547	1,777,199
23. Aggregate write-ins for other than invested assets	49,079	98,306	49,227
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	230,274	2,227,286	1,997,012
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	230,274	2,227,286	1,997,012
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Leasehold Improvements.....	45,312	61,707	16,395
2302. Prepaid Expenses.....	3,767	36,599	32,832
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	49,079	98,306	49,227

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	60,965	59,841	58,781	57,635	57,945	706,020
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	60,965	59,841	58,781	57,635	57,945	706,020
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Plan have been prepared in conformity with the NAIC Accounting Practices and Procedures manual except to the extent that Michigan law differs.

B. Use of Estimates

The presentation of the Financial Statements in conformity with the NAIC Accounting Practices and Procedures manual requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policies

(1) Cash and Cash Equivalents

Short-term investments with a maturity of three months or less at the time of purchase are reported as cash equivalents.

(2) Short-term Investments

Short-term investments consist of investments in debt securities with maturity dates of one year or less at the purchase date. Such investments are carried at amortized cost less any valuation allowances and non-admitted amounts.

(3) Bonds

Bonds, including amounts reserved pursuant to State of Michigan requirements, are stated at amortized cost less any valuation allowances and non-admitted amounts. Bonds are amortized using the scientific to worst constant yield methodology.

(4) Claims Unpaid and Unpaid Claims Adjustment Expenses

Claims unpaid includes the cost of services for which providers have submitted claims, as well as management's estimate of the cost of claims that have been incurred but not reported (IBNR). Unpaid claims adjustment expenses are an estimate of the cost to process the IBNR claims. The cost of claims that have been incurred but not reported has been estimated by management based on relevant historical data and trends. Management believes that methodologies employed to estimate the unpaid claims liability are reasonable and the unpaid claims liability recorded is appropriate. Management's estimate may change in the future. Any favorable or unfavorable changes are reflected in operations when determined.

(5) Method Used to Estimate Pharmaceutical Rebates Receivable

There are no pharmaceutical rebates receivable.

2. Accounting Changes and Corrections of Errors

Not Applicable.

3. Business Combinations and Goodwill

Not Applicable.

4. Discontinued Operations

NOTES TO FINANCIAL STATEMENTS

Not Applicable.

5. Investments

Not Applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable.

7. Investment Income

The Plan has not excluded any investment income due and accrued from surplus.

8. Derivative Instruments

Not Applicable.

9. Income Taxes

a. The components of the net deferred tax asset are as follows:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Total of gross deferred tax assets	332,141	1,198,752
Total of deferred tax liabilities	(36,494)	(49,580)
Net deferred tax asset	295,647	1,149,171
Deferred Tax Asset nonadmitted	32,501	178,179
Net admitted deferred tax asset	263,145	970,992
Increase (decrease) in DTAs nonadmitted	(145,678)	N/A

b. Deferred tax liabilities are not recognized for the following amounts:

None

c. The provisions for incurred taxes on earnings for the years ended December 31 are:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Federal	6,191,016	3,483,835
Foreign	0	-
	6,191,016	3,483,835
Federal Income Tax on net capital gains	0	-
Utilization of capital loss carry-forwards	0	-
Federal and foreign income taxes incurred	6,191,016	3,483,835

The tax effect of temporary difference that give rise to significant portions of deferred tax assets and deferred tax liabilities are:

NOTES TO FINANCIAL STATEMENTS

<u>Deferred Tax Assets:</u>	<u>December 31, 2006</u>	<u>December 31, 2005</u>	<u>Change</u>
CY Discounted unpaid claims	107,894	169,029	(61,136)
CY Discounted unearned premiums	61	0	61
Bad debt expense reserve	80,766	88,387	(7,621)
Vacation pay accrual	36,014	36,752	(739)
Accrued bonuses	18,428	30,739	(12,311)
Rent Abatement Adjustment	12,320	0	12,320
Stat to gaap adjustment	0	1	(1)
Retention bonus	7,439	156,655	(149,217)
Nonadmitted assets	69,221	717,187	(647,967)
Total deferred tax assets	332,141	1,198,752	(866,611)
Nonadmitted deferred tax assets	(32,501)	(178,179)	145,678
Admitted deferred tax assets	299,639	1,020,572	(720,933)
<u>Deferred Tax Liabilities:</u>			
Total deferred tax liabilities	36,494	49,581	(13,087)
Net admitted deferred tax asset	263,145	970,991	(707,846)
	0		

The change in net deferred income taxes is comprised of the following (exclusive of nonadmitted assets):

	<u>December 31, 2006</u>	<u>December 31, 2005</u>	<u>Change</u>
Total deferred tax assets	332,141	1,198,752	(866,611)
Total deferred tax liabilities	36,494	49,581	(13,087)
Net deferred tax asset	295,647	1,149,171	(853,524)
Tax effect of unrealized gains(losses)			0
Change in net deferred income tax			(853,524)

d. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	<u>December 31, 2006</u>
Provision computed at statutory rate	6,880,836
Tax-exempt interest	(15,685)
Meals and entertainment	1,266
Investment fees relating to tax-exempt income	975
Stock options	(229,772)
State income taxes	1,719
Incentive compensation	(187,750)
CY Discounted unpaid claims	(61,136)
CY Discounted unearned premiums	61
Prepaid Postage	811
Depreciation	12,622
Bad debt expense reserve	(7,621)
Vacation pay accrual	(739)
Accrued bonuses	(12,311)
Rent Abatement Adjustment	12,320
Stat to gaap adjustment	(1)
Retention bonus	(149,217)
Holiday Wages	(346)

NOTES TO FINANCIAL STATEMENTS

True-Up	<u>(55,015)</u>
Total Statutory income taxes	<u>6,191,016</u>
 Federal income taxes incurred	 7,099,555
True-Up	<u>(55,015)</u>
Change in net deferred income taxes	<u>(853,524)</u>
Total Statutory income taxes	<u>6,191,016</u>

e. Amount of net loss carryforwards available to offset future taxable income (from the current year):

None - The tax benefit of any current and prior operating losses has been realized as a result of the intercompany tax allocation agreement with the parent.

2. Amount of federal income taxes incurred in the current year and each preceding year that are available for recoupment in the event of future losses:

2006	6,191,016
2005	3,483,835

f. 1. The Company's taxable income or loss is included in the consolidated federal income tax return of its parent company, Coventry Health Care, Inc. The names of the entities with whom the Company's federal income tax return is currently consolidated are included on pages 51 and 51.1 of this Statement (Schedule Y).

2. The method of tax allocation between the companies is subject to written agreement approved by management of the respective companies. The tax allocation agreement with the Parent is based upon taxes incurred on net income. Intercompany tax balances are settled monthly.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Plan is wholly owned by Coventry Health Care, Inc. (Parent Company). The Parent Company provides general management services, including senior management services, consulting, and administrative services, to the Plan. The Company also reimburses the Parent Company for certain expenses paid by the Parent Company on behalf of the Plan. Under the terms of the management services agreement between the Plan and the Parent Company, the Plan incurred management fees of \$2,082,759 and \$2,203,051 in 2006 and 2005, respectively. At December 31, 2006, \$52,870 is due from the Parent Company, and at December 31, 2005, \$151,622 was due to the Parent Company.
- B. Coventry Management Services, Inc., which is wholly owed by the Parent Company, provides general management services, including information systems, consulting and service center operations to the Plan. Under the terms of the management services agreement between the Plan and Coventry Management Services, Inc., the Plan incurred management fees of \$4,871,538 and \$5,152,900 in 2006 and 2005, respectively.
- C. The Plan has an Insolvency Continuation Agreement and Guarantee Agreement with Coventry Health and Life Insurance Company, a wholly owned subsidiary of Coventry Health Care, Inc. The premium for this insurance coverage is \$0.05 PMPM. For the year ended December 31, 2006 and 2005, insurance expenses under this agreement aggregated \$35,301 and \$37,340, respectively.
- D. On March 28, 2006, the Plan paid a \$5.0 million dividend to its sole common stockholder and parent company, Coventry Healthcare, Inc. In May 2005, the Parent Company contributed capital of \$600,000 to the Plan.

11. Debt

NOTES TO FINANCIAL STATEMENTS

Not Applicable.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefits Plans

The Plan participates in a qualified, defined contribution plan sponsored by Coventry Health Care, Inc. The Plan has no legal obligation for benefits under this plan. Coventry Health Care, Inc. allocates expense to the Plan based on the actual contributions for employees at the Plan. The Plan's share of the employer contributions for the defined contribution plan was \$146,467 and \$96,843 for the years ended December 31, 2006 and 2005, respectively.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- A. The Plan authorized 1,000 shares of capital stock with a par value of \$0.01. All shares are issued and outstanding at December 31, 2006 and 2005.
- B. The commissioner of the State of Michigan Office of Financial and Insurance Services may limit or disallow the payment of ordinary or extraordinary dividends. Dividends shall be declared or paid only from earned surplus, unless the commissioner approves the dividend prior to payment. Additionally, extraordinary dividends, or any other extraordinary distribution, shall not be paid until 30 days after the commissioner has received notice of the declaration and has not disapproved or has approved the payment. An extraordinary dividend or distribution is defined as any dividend or distribution of cash or other property whose fair market value together with that of other dividends or distributions made within the preceding 12 months exceeds the greater of 10% of the insurer's surplus as of December 31 of the immediately preceding year, or net income, not including realized capital gains, for the 12-month period ending December 31 of the immediately preceding year.
- C. \$1,000,000 of investments held are restricted pursuant to State of Michigan requirements.

14. Contingencies

Not Applicable.

15. Leases

The Plan leases its office space. The initial lease term is October 1, 2004 to September 30, 2009. Rent expense under this agreement for the years ended December 31, 2006 and 2005 were \$287,600. The aggregate future payments under the terms of this agreement is \$1,224,000. Minimum lease payments for each of the five succeeding years are as follows: 2007 - \$304,000; 2008 - \$337,500; and 2009 - \$256,500.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not Applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

20. September 11 Events

Not Applicable.

21. Other Items

Not Applicable.

22. Events Subsequent

Not Applicable.

23. Reinsurance

- A. The Plan has an agreement with Coventry Health & Life Insurance Company to provide reinsurance for enrollees claims, excluding pharmacy. After the deductible is reached, which was \$175,000 during the period April 1 2005 to March 31, 2006 and \$225,000 thereafter, coverage under this agreement is 80% of net loss in excess of the Plan's deductible. The maximum annual reinsurance coverage for each member is \$1,000,000. The Plan pays a per member per month premium for this coverage. For the years ended December 31, 2006 and 2005, the Plan incurred reinsurance expense of \$1,081,328 and \$816,944, respectively, under this agreement.
- B. Reinsurance premiums are reported as deductions from Medicaid capitation revenue. Reinsurance recoveries are reported as deductions from medical service expense.
- C. The Plan is contingently liable for its reinsured losses to the extent that the reinsurance company cannot meet its obligations under the reinsurance contracts.
- D. At December 31, 2006 and 2005, the Plan has \$9,041 and \$500,000 of reinsurance recoverable under its reinsurance contract.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

25. Change in Incurred Claims and Claim Adjustment Expenses

There were no changes in the provision of incurred claim and claim adjustment expenses attributable to insured events of prior years.

26. Intercompany Pooling Arrangements

Not Applicable.

27. Structured Settlements

Not Applicable.

28. Health Care Receivables

The Plan did not have any receivables recorded for pharmaceutical rebates or risk sharing arrangements at December 31, 2006 and 2005.

29. Participating Policies

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

30. Premium Deficiency Reserves

At December 31, 2005 and 2004, a premium deficiency reserve was determined not to be necessary.

31. Anticipated Salvage and Subrogation

At December 31, 2006 and 2005, no anticipated salvage and subrogation has been deducted from the liability for unpaid claims or losses.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	1,801,066	3.845	1,801,066	3.845
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies	1,736,460	3.707	1,736,460	3.707
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	804,074	1.717	804,074	1.717
1.43 Revenue and assessment obligations	2,360,954	5.041	2,360,954	5.041
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC	1,297,842	2.771	1,297,842	2.771
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.000		0.000
1.523 All other	349,987	0.747	349,987	0.747
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	99,985	0.213	99,985	0.213
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (including \$of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)		0.000	0	0.000
6. Contract loans		0.000	0	0.000
7. Receivables for securities	(1,106)	(0.002)	0	0.000
8. Cash, cash equivalents and short-term investments	38,388,131	81.960	38,388,131	81.958
9. Other invested assets		0.000		0.000
10. Total invested assets	46,837,393	100.000	46,838,499	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] NA []
- 1.3

State Regulating?.....

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2005
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2005
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/24/2006
- 3.4

By what department or departments? The Office of Financial and Insurance Services
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes [] No [X]
- 4.12

renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes [] No [X]
- 4.22

renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....
.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,
- 7.21

State the percentage of foreign control;
- 7.22

State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young, LLP 621 East Pratt Street, Baltimore, MD 21202
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Gregory Winkler, Director Actuarial Services, Coventry Health Care, Inc. 6705 Rockledge Dr., Ste 900 Bethesda, MD 20817
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

11.11

Name of real estate holding company

11.12

Number of parcels involved

11.13

Total book/adjusted carrying value

\$
- 11.2

If yes, provide explanation
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA []

BOARD OF DIRECTORS

13.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
14.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
15.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

- 16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11

To directors or other officers

\$

16.12

To stockholders not officers

\$

16.13

Trustees, supreme or grand (Fraternal only)

\$
- 16.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21

To directors or other officers

\$

16.22

To stockholders not officers

\$

16.23

Trustees, supreme or grand (Fraternal only)

\$
- 17.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [] No [X]
- 17.2

If yes, state the amount thereof at December 31 of the current year:

17.21

Rented from others

\$

17.22

Borrowed from others

\$

17.23

Leased from others

\$

17.24

Other

\$
- 18.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes [] No [X]
- 18.2

If answer is yes,

18.21

Amount paid as losses or risk adjustment

\$

18.22

Amount paid as expenses

\$

18.23

Other amounts paid

\$
- 19.1

Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [X] No []
- 19.2

If yes, indicated any amounts receivable from parent included in the Page 2 amount:

\$52,870

GENERAL INTERROGATORIES
INVESTMENT

- 20.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes [] No [X]
- 20.2

If no, give full and complete information relating thereto:
Securities held by custodian pursuant to a custodian agreement.
- 21.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1)

Yes [] No [X]
- 21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others

\$.....

21.22

Subject to repurchase agreements

\$.....

21.23

Subject to reverse repurchase agreements

\$.....

21.24

Subject to dollar repurchase agreements

\$.....

21.25

Subject to reverse dollar repurchase agreements

\$.....

21.26

Pledged as collateral

\$.....

21.27

Placed under option agreements

\$.....

21.28

Letter stock or other securities restricted as to sale ...

\$.....

21.29

Other

\$.....

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....

- 22.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]
- 22.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes [] No [] NA [X]
- 23.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]
- 23.2

If yes, state the amount thereof at December 31 of the current year.

\$.....

GENERAL INTERROGATORIES

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Wachovia Bank, N.A.....	1300 1 Street, N.W. D.C. 1954 12th Floor, West Tower.....
Citibank, N.A.....	3800 Citigroup Center, Building B 02/08, Tampa FL 33610-9122.....

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	2 Complete Explanation(s)

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [X] No []

24.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
	Citigroup.....	09/29/2006..	Change of Banks.....

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	2 Address
104594.....	Evergreen.....	200 Berkley Street, Boston, MA 02116...
107423.....	Conning & Company.....	185 Asylum Street, City Place II, hartford, CT 06103-4105.....
25995.....	Citigroup.....	3800 Citigroup Center, Building B 02/08, Tampa, FL 33610-9122.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [] No [X]

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
25.2999 TOTAL		0

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding Of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....
.....

GENERAL INTERROGATORIES

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
26.1 Bonds.....	48,466,304	48,423,151	(43,153)
26.2 Preferred stocks.....	0		0
26.3 Totals	48,466,304	48,423,151	(43,153)

26.4 Describe the sources or methods utilized in determining fair values:

Quoted Market Prices.....

27.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

27.2 If no, list the exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

29.1 Amount of payments for legal expenses, if any?.....\$

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U. S. business only

\$

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

.....0

All years prior to most current three years:

1.64 Total premium earned

\$0

1.65 Total incurred claims

\$0

1.66 Number of covered lives

.....0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$0

1.72 Total incurred claims

\$0

1.73 Number of covered lives

.....0

All years prior to most current three years:

1.74 Total premium earned

\$0

1.75 Total incurred claims

\$0

1.76 Number of covered lives

.....0

2. Health Test:

1

Current Year

2

Prior Year

2.1 Premium Numerator

\$146,961,619

\$155,685,077

2.2 Premium Denominator

\$146,961,619

\$155,685,077

2.3 Premium Ratio (2.1/2.2)

.....1.000

.....1.000

2.4 Reserve Numerator

\$15,673,422

\$22,002,844

2.5 Reserve Denominator

\$15,673,422

\$22,002,844

2.6 Reserve Ratio (2.4/2.5)

.....1.000

.....1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No []

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$330,000

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Insolvency Continuation and Guarantee Agreement with Coventry Health and Life Insurance Company; Benefits for members in inpatient facilities continue until discharge; Hold harmless provisions in provider contracts; Contingency Trust of \$1.0 million

7.1 Does the reporting entity set up its claim liability for provider services on a service date base?

Yes [X] No []

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

.....1,406

8.2 Number of providers at end of reporting year

.....1,491

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract?

Yes ☒ No ☐

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....560,263

10.22 Amount actually paid for year bonuses

\$.....365,326

10.23 Maximum amount payable withholds

\$.....0

10.24 Amount actually paid for year withholds

\$.....0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes ☐ No ☒

11.13 An Individual Practice Association (IPA), or,

Yes ☒ No ☐

11.14 A Mixed Model (combination of above) ?.....

Yes ☐ No ☒

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes ☒ No ☐

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$.....8,985,194

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes ☐ No ☒

11.6 If the amount is calculated, show the calculation.

Risk Based Capital CAL

12. List service areas in which reporting entity is licensed to operate:

1

Name of Service Area

Wayne County, Michigan.....

FIVE-YEAR HISTORICAL DATA

	1 2006	2 2005	3 2004	4 2003	5 2002
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	48,361,309	46,110,086	33,308,709	.0	.0
2. Total liabilities (Page 3, Line 22)	16,704,243	24,072,534	19,066,461	.0	.0
3. Statutory surplus	8,985,194	10,018,426	5,931,023	.0	.0
4. Total capital and surplus (Page 3, Line 31)	31,657,066	22,037,552	14,242,248	.0	.0
Income Statement (Page 4)					
5. Total revenues (Line 8)	137,961,012	146,324,958	37,068,893	.0	.0
6. Total medical and hospital expenses (Line 18)	107,566,076	121,488,612	35,258,198	.0	.0
7. Claims adjustment expenses (Line 20)	2,287,890	2,630,488	1,121,121	.0	.0
8. Total administrative expenses (Line 21)	10,747,676	11,785,211	3,100,719	.0	.0
9. Net underwriting gain (loss) (Line 24)	17,359,370	10,420,647	(2,411,145)	.0	.0
10. Net investment gain (loss) (Line 27)	2,307,671	1,185,242	108,702	.0	.0
11. Total other income (Lines 28 plus 29) .....	.0	.0	.0	.0	.0
12. Net income (loss) (Line 32)	13,476,025	8,122,054	(1,607,387)	.0	.0
Risk - Based Capital Analysis					
13. Total adjusted capital.....	31,657,066	22,037,552	14,242,248	.0	.0
14. Authorized control level risk-based capital.....	4,492,597	5,009,213	5,401,809	.0	.0
Enrollment (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	57,945	60,965	62,455	.0	.0
16. Total member months (Column 6, Line 7)	706,020	748,056	188,177	.0	.0
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus 19)	73.2	78.0	89.4	0.0	0.0
19. Cost containment expenses	0.0	0.0	0.0	xxx	xxx
20. Other claims adjustment expenses	1.6	1.7	2.8	0.0	0.0
21. Total underwriting deductions (Line 23)	82.1	87.3	100.1	0.0	0.0
22. Total underwriting gain (loss) (Line 24)	11.8	6.7	(6.1)	0.0	0.0
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	11,767,224	13,730,877	.0	.0	.0
24. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	22,002,843	17,904,918	.0	.0	.0
Investments In Parent, Subsidiaries And Affiliates					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....	.0	.0	.0	.0	.0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....	.0	.0	.0	.0	.0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....	.0	.0	.0	.0	.0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....	.0	.0	.0	.0	.0
29. Affiliated mortgage loans on real estate .....		.0	.0	.0	.0
30. All other affiliated .....		.0	.0	.0	.0
31. Total of above Lines 25 to 30	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	3,537,526	3,507,363	3,529,869	3,550,000
	2. Canada				
	3. Other Countries				
	4. Totals	3,537,526	3,507,363	3,529,869	3,550,000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	804,074	802,163	810,665	750,000
	10. Canada.....				
	11. Other Countries				
	12. Totals	804,074	802,163	810,665	750,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	3,658,796	3,650,191	3,675,590	3,543,248
	14. Canada				
	15. Other Countries				
	16. Totals	3,658,796	3,650,191	3,675,590	3,543,248
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	449,973	447,500	449,934	450,000
	22. Canada				
	23. Other Countries				
	24. Totals	449,973	447,500	449,934	450,000
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	8,450,369	8,407,217	8,466,058	8,293,248
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	8,450,369	8,407,217	8,466,058	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	7,546,495	7. Amortization of premium.....	18,517
2. Cost of bonds and stocks acquired, Column 7, Part 3	3,890,809	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....	13,401	8.1 Column 15, Part 1	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Sec. 2.....	0		
4.4 Columns 11 - 13, Part 4	0	9. Book/adjusted carrying value at end of current period	8,450,370
5. Total gain (loss), Column 19, Part 4	0	10. Total valuation allowance	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10)	8,450,370
Column 7, Part 4	2,981,818	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	8,450,370

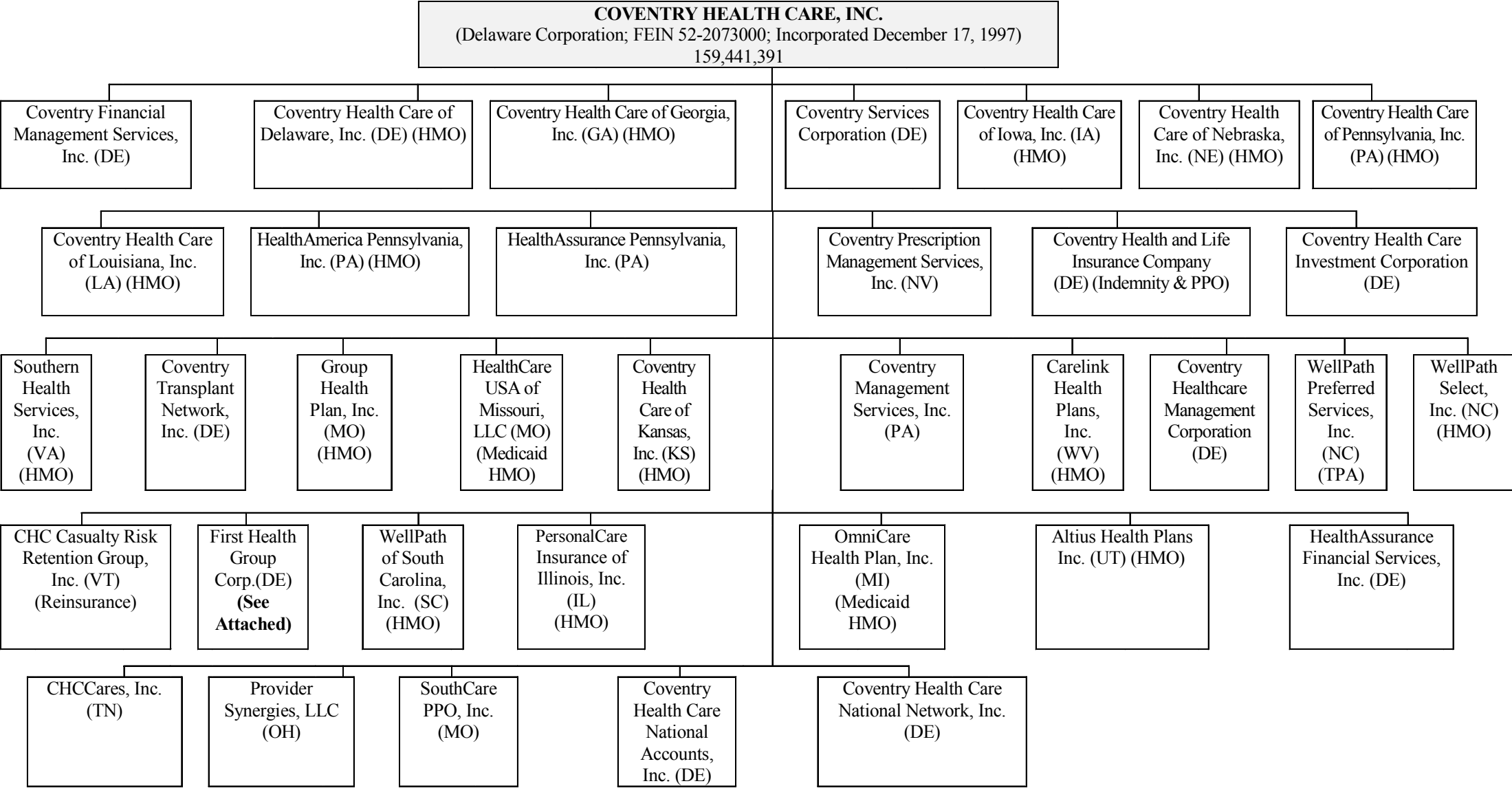
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
State, Etc.	1	2	Direct Business Only					
	Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/ Casualty Premiums
State, Etc.	Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX			
1. Alabama.....AL								
2. Alaska.....AK								
3. Arizona.....AZ								
4. Arkansas.....AR								
5. California.....CA								
6. Colorado.....CO								
7. Connecticut.....CT								
8. Delaware.....DE								
9. District of Columbia.....DC								
10. Florida.....FL								
11. Georgia.....GA								
12. Hawaii.....HI								
13. Idaho.....ID								
14. Illinois.....IL								
15. Indiana.....IN								
16. Iowa.....IA								
17. Kansas.....KS								
18. Kentucky.....KY								
19. Louisiana.....LA								
20. Maine.....ME								
21. Maryland.....MD								
22. Massachusetts.....MA								
23. Michigan.....MI	No	Yes			148,042,947			
24. Minnesota.....MN								
25. Mississippi.....MS								
26. Missouri.....MO								
27. Montana.....MT								
28. Nebraska.....NE								
29. Nevada.....NV								
30. New Hampshire.....NH								
31. New Jersey.....NJ								
32. New Mexico.....NM								
33. New York.....NY								
34. North Carolina.....NC								
35. North Dakota.....ND								
36. Ohio.....OH								
37. Oklahoma.....OK								
38. Oregon.....OR								
39. Pennsylvania.....PA								
40. Rhode Island.....RI								
41. South Carolina.....SC								
42. South Dakota.....SD								
43. Tennessee.....TN								
44. Texas.....TX								
45. Utah.....UT								
46. Vermont.....VT								
47. Virginia.....VA								
48. Washington.....WA								
49. West Virginia.....WV								
50. Wisconsin.....WI								
51. Wyoming.....WY								
52. American Samoa.....AS								
53. Guam.....GU								
54. Puerto Rico.....PR								
55. U.S. Virgin Islands.....VI								
56. Northern Mariana Islands.....MP								
57. Canada.....CN								
58. Aggregate other alien.....OT	XXX	XXX	0	0	0	0	0	0
59. Subtotal.....	XXX	XXX	0	0	148,042,947	0	0	0
60. Reporting entity contributions for Employee Benefit Plans.....	XXX	XXX						
61. Total (Direct Business)	XXX	(a) 1	0	0	148,042,947	0	0	0
DETAILS OF WRITE-INS								
5801.	XXX	XXX						
5802.	XXX	XXX						
5803.	XXX	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page.....	XXX	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	XXX	0	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

